

**LOUISIANA IMMERSIVE  
TECHNOLOGIES ENTERPRISE**

**Financial Report**

**Year Ended June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The following discussion and analysis of Louisiana Immersive Technologies Enterprise (LITE) financial performance provides an overview of the LITE's financial activities for the year ended June 30, 2009. Please read it in conjunction with the financial statements, which begin on page 6.

### **FINANCIAL HIGHLIGHTS**

The LITE showed a net increase in overall net assets of \$26,806,634. The primary reason for this increase is due to the transfer/contribution of the LITE facility and its contents from the Lafayette Economic Development Authority (LEDA) to the LITE.

Net Capital Assets of the LITE increased by \$27,175,493 and is attributable to the above mentioned transfer of the LITE facility from LEDA as well as current year purchases of capital assets during the year ended June 30, 2009.

The contributed capital account of the LITE increased by \$25,607,678 and is due to the transfer of the above mentioned asset.

The unreserved, undesignated fund balance for the LITE totaled \$2,768,379 at year-end, which is a \$1,198,866 increase from the prior year.

### **HOW TO USE THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. Our auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

#### **Reporting the LITE as a Whole**

Our analysis of the LITE as a whole begins on page 2. An important question to ask about the LITE's finances is, "Is the LITE as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the LITE as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

Normally, separate Government-Wide statements are also presented in accordance with GASB 34, however, due to the fact that the LITE only lists a proprietary fund type, it would be redundant to also include the Government-Wide financial statements as they would be exactly the same. The Statement of Net Assets is designed to present the financial position of the LITE as of year-end. Over time, increases or decreases in the LITE's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the LITE, you will need to consider other nonfinancial factors, such as the condition of the LITE's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Revenues, Expenses and Changes in Net Assets provides information that shows how the LITE's net assets changed as a result of this year's activities. All of the LITE's significant activities

are reported in the Statement. These activities include expansion of research and technology for the Louisiana area. All activities of the LITE are considered to be business-type proprietary fund activities. A proprietary fund activity is one where the LITE uses money it receives from user charges to finance its costs of cost of providing a service.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10 -14. You should read the notes before making assumptions or drawing conclusions about the LITE's financial condition.

#### AN ANALYSIS OF THE LITE AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects condensed information on the LITE's net assets:

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 1,704,274	\$ 1,532,291
Capital assets, net of depreciation	<u>27,314,063</u>	<u>138,570</u>
Total assets	<u>29,018,337</u>	<u>1,670,861</u>
Other current liabilities	<u>642,190</u>	<u>101,348</u>
Total liabilities	<u>642,190</u>	<u>101,348</u>
Contributed Capital	25,607,768	-
Unrestricted	<u>2,768,379</u>	<u>1,569,513</u>
Total net assets	<u>\$ 28,376,147</u>	<u>\$ 1,569,513</u>

As of June 30, 2009, the LITE "as a whole" had assets greater than its liabilities by \$28,376,147. The LITE's total net assets increased from \$1,569,513 to \$28,376,147.

The LITE's unrestricted net assets actually increased by \$1,198,866. All of the net assets (excluding contributed capital) are unrestricted as of June 30, 2009. It is important that the LITE maintain unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. For both years presented, there is no debt that has been subtracted from the capital asset amounts. Our policy is to acquire capital assets by paying cash, utilizing grant resources and avoiding debt. This policy helps to assure us that decreases in the LITE's future revenues won't impact its ability to provide a certain level of service to their clients and program participants.

Other liabilities increased by \$540,842 this year. The primary reason for the increase is an increase in accounts payable.

	<u>2009</u>	<u>2008</u>
Revenues		
Operating revenues	\$ 422,733	\$ 449,169
Non-Operating revenues	<u>4,636,831</u>	<u>3,536,351</u>
Total revenues	<u>5,059,564</u>	<u>3,985,520</u>
Operating Expenses		
Salaries & Benefits	2,095,356	1,351,411
Operations	181,073	10,242
Utilities	542,245	500,410
Other Expenses	<u>1,042,024</u>	<u>706,478</u>
Total expenses	<u>3,860,698</u>	<u>2,568,541</u>
Net increase in Net Assets	<u>\$ 1,198,866</u>	<u>\$ 1,416,979</u>

The LITE's total revenues (excluding special items) increased by \$1,074,044 versus last year while total expenses increased \$1,292,157 versus the previous year. In the current year the LITE acted as fiscal agent for a entity called 3-D Squared. In acting as the fiscal agent, the LITE obtained grant revenues on behalf of 3-D totaling \$750,000 the majority of which was passed through to 3-D during the current year. These revenues and expenses are not expected to be reoccurring in future years. Only a small portion of this revenue remained with the LITE as a fee as fiscal agent.

Operating revenues of the LITE consist of revenues received from leasing agreements that the LITE has with varying tenants. Presently there are fire tenants who pay lease to the LITE (see footnote 5 for details). Another small portion of the LITE revenues is received from technical usage of the LITE's many advanced technical facilities within the facility. This revenue is based on an event by event basis and will be fluctuating to varying degrees.

#### **AN ANALYSIS OF REVENUES**

Most of the LITE's activities are funded by state appropriations and local revenues. These revenue sources amount to approximately 93% of the revenues of the LITE in 2009 and 89% in 2008. Some of these funds are restricted to uses for specific purchases while others may be used for the operations of the LITE facility. Many of the funds have specific terms and differing dollar amounts from year to year. Additionally, funding from the state of Louisiana was decreased by approximately \$132,000 from its original budgeted amount due to state budget cuts.

#### **AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At June 30, 2009, the LITE had \$27,314,063 in fixed assets net of accumulated depreciation. This amounted to a net increase of \$27,175,493 during the year. The increase is attributable to the current year transfer of the LITE facility from LEDA.

The LITE does not have any long-term debt related to its capital assets.

#### **CONTACTING THE LITE'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the LITE's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Monica Laverne, the LITE's Chief Operations Officer, at the LITE's main office located at 537 Cajundome Blvd, Lafayette, LA 70506 or by phone at 337-735-5483.



# Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners  
Louisiana Immersive Technologies Enterprise  
537 Cajundome Blvd  
Lafayette, LA 70506

We have audited the accompanying financial statements of the business-type activities of the Louisiana Immersive Technologies Enterprise as of and for the year ended June 30, 2009, which collectively comprise the Louisiana Immersive Technologies Enterprise's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Louisiana Immersive Technologies Enterprise. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Immersive Technologies Enterprise, as of June 30, 2009, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2009, on our consideration of the Louisiana Immersive Technologies Enterprise's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Louisiana Immersive Technologies Enterprise has presented management's discussion and analysis that are not a required part of the basic financial statements but are considered supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 29, 2009

LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

Statement of Net Assets  
June 30, 2009

ASSETS

Current assets:

Cash	\$ 1,089,382
Other receivables	613,392
Prepaid expenses	<u>1,500</u>
Total current assets	1,704,274

Capital assets, net of accumulated depreciation of (\$221,767)	<u>27,314,063</u>
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Total assets	<u>\$ 29,018,337</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 488,474
Deferred revenue	127,992
Compensated absences	11,097
Payroll tax liabilities	<u>14,627</u>
Total current liabilities	<u>642,190</u>

NET ASSETS

Contributed capital	25,607,768
Unrestricted	<u>2,768,379</u>
Total net assets	<u>\$ 28,376,147</u>

The accompanying notes are an integral part of this statement.



# LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

## Statement of Revenues, Expenses and Changes in Net Assets For the Year Ended June 30, 2009

### OPERATING REVENUES:

Lease revenues	\$ 359,948
Technology and venue usage revenues	62,324
Other revenues	<u>461</u>
Total operating revenues	<u>422,733</u>

### OPERATING EXPENSES:

Salaries and benefits	2,095,356
Business development	35,728
Depreciation expense	215,848
Dues and subscriptions	6,695
Employee recruiting	10,163
Insurance	119,398
Interest expense	125
Legal and professional	112,998
Mail, delivery & postage	1,742
Marketing and advertising	22,596
Operations	181,073
Pest control	2,475
Professional development	22,601
Repairs and maintenance	246,521
Security	568
Supplies	141,250
Telephone and internet	52,387
Travel	45,413
Utilities	542,245
Waste disposal	<u>5,516</u>
Total operating expenses	<u>3,860,698</u>

Operating loss (3,437,965)

### NON-OPERATING REVENUES (EXPENSES)

Funding provided by LEDA	400,000
Funding provided by LED - 3-D Squared	750,000
Funding provided by LED	1,154,523
Funding provided by the State of Louisiana	
Passed through ULL	3,052,160
Grant Funding from ULL	10,000
Grant expenses - 3-D Squared	(736,778)
Interest income	<u>6,926</u>
Total non-operating revenues	<u>4,636,831</u>

Net income	1,198,866
Total unrestricted net assets, beginning	<u>1,569,513</u>
Total unrestricted net assets, ending	<u>\$ 2,768,379</u>

The accompanying notes are an integral part of this statement.

LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

Statement of Cash Flows  
For the Year Ended June 30, 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from lessees and users	\$ 484,242
Payments to employees and related benefits	(2,057,680)
Payments to suppliers and vendors	<u>(1,489,570)</u>
Net cash used by operating activities	<u>(3,063,008)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Funding provided by LEDA	400,000
Funding provided by State appropriations and grants	<u>2,720,900</u>
Net cash provided by noncapital financing activities	<u>3,120,900</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Funding of capital assets provided by LED	2,520,351
Purchase of capital assets	<u>(2,520,351)</u>
Net cash used in capital and related financing activities	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on interest bearing deposits	<u>6,926</u>
Net cash provided by investing activities	<u>6,926</u>
Net increase in cash and cash equivalents	64,818
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,024,564</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,089,382</u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities:</b>	
Operating Loss	\$ (3,437,965)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	215,848
Increase in other receivables	(114,164)
Decrease in prepaids	6,999
Increase in accounts payable	400,725
Increase in payroll tax liabilities	(12,126)
Increase in deferred revenue	<u>(122,325)</u>
Net cash used by operating activities	<u>\$ (3,063,008)</u>

The accompanying notes are an integral part of this statement.

## LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Immersive Technologies Enterprise, (LITE) is a political subdivision of the State of Louisiana, created pursuant to Louisiana Revised Statute 51:2101 and 51:2102. The LITE came into existence with the signing of Act 624 by Governor Kathleen Blanco on June 23, 2006 and was established with the approval and cooperation of the Louisiana Department of Economic Development, the Lafayette Economic Development Authority, and the University of Louisiana at Lafayette. The LITE serves the state by furthering education in immersive technologies, engaging in collaborative research involving immersive technologies, and by furthering the economic development of businesses and industries utilizing immersive technologies. The LITE is governed by a board of commissioners composed of seven persons appointed by the secretary of the Louisiana Department of Economic Development, the chairman of the board of the Lafayette Economic Development Authority, and the president of the University of Louisiana at Lafayette.

The accounting and reporting policies of the LITE conform to generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, as well as any applicable requirements set forth in the industry audit guide, *Audits of State and Local Governmental Units*, and the *Louisiana Governmental Audit Guide*.

##### Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the Louisiana Immersive Technologies Enterprise's board of commissioners. Control by or dependence on the Louisiana Immersive Technologies Enterprise was determined on the basis of budget adoption, authority to issue debt, or other general oversight responsibility. At June 30, 2009, there were no entities that met the criteria to be considered a component unit of the Louisiana Immersive Technologies Enterprise.

##### Basis of Presentation

The accompanying basic financial statements of the LITE have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements of business-type activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

## LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Government-wide Financial Statements, Measurement Focus, and Basis of Accounting

The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows display information about the LITE as a whole. These statements include all the financial activities of the LITE.

The government-wide financial statements are reported using the *economic resources measurement focus* and a determination of net income using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. For this purpose, the government considers revenues to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. At this time, the LITE has no governmental fund types.

Instead, the LITE reports the following fund type:

*Enterprise Funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

##### Cash and Cash Equivalents

For the purpose of the statement of cash flows, the LITE considers interest-bearing deposits with an initial maturity of 90 days or less to be cash and cash equivalents.

##### Capital Assets

Capital assets, which may include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities or business-type column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The LITE has established a threshold level of \$1,000 for capitalizing capital assets.

## LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Compensated Absences

The LITE offers various types of compensated absences including annual, sick, and holiday leaves for regular full-time employees. Employees may not carryover annual or sick leave from year to year. Upon termination of employment, employees may be paid for earned but unused annual leave arising during the year, but employees shall not be paid for unused sick leave.

The LITE amended its policy during the year to allow vacation leave to be carried forward at the end of the year, not to exceed a maximum of 30 working days of vacation leave. After that total is reached, no additional vacation leave will be granted until the total leave accumulated falls below 30 days. Upon termination of employment with LITE, employees shall be paid for unused vacation time that has been earned through the last day of work pursuant to R.S. 23:631.

##### Operating and Non-operating Revenues

The LITE considers lease revenues and technology and venue usage fees to be operating revenues, while revenues derived from intergovernmental agreements, grants and other similar funding arrangements to be non-operating revenues.

##### Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The budget is formally adopted by the LITE commission prior to the beginning of the fiscal year.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the LITE may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The LITE may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2009, the LITE has cash and interest-bearing deposits (book balances) totaling \$1,086,764.

## LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

### Notes to Financial Statements

#### NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) as of June 30, 2009 were \$1,208,713. These deposits were secured by Federal deposit insurance of \$250,000 and pledged securities (Category 3) of \$1,752,492.

Pledged securities in Category 3 are comprised of uninsured and unregistered investments with securities held by the pledging institution, or by its trust department or agent, but not in the LITE's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the LITE that the fiscal agent has failed to pay deposited funds upon demand.

#### NOTE 3 CAPITAL ASSETS

On June 28, 2004 the Lafayette Economic Development Authority (LEDA) and the University of Louisiana at Lafayette (UL) entered into a lease agreement. Pursuant to that lease agreement, LEDA began construction of a facility on property leased from UL within the University Research Park. UL and LEDA subsequently executed a cooperative endeavor agreement that incorporated the lease and provided for roles and responsibilities relative to the construction, management, and operation of the facility now referred to as the LITE facility.

Upon the subsequent creation of the LITE commission in June of 2006 by the State Legislature, UL agreed to transfer the lease agreement between UL and LEDA to the LITE commission. Likewise, LEDA has approved a memorandum of understanding providing for the transfer of ownership of the LITE facility to the LITE commission once all construction had been completed. This transfer occurred during the fiscal year ending June 30, 2009 with a value of \$25,607,678.

#### NOTE 4 ECONOMIC DEPENDENCY

For the year ended June 30, 2009 approximately eighty-five percent of the LITE's revenues were obtained from the state of Louisiana passed through the University of Louisiana at Lafayette and State Grants.

# LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

## Notes to Financial Statements

### NOTE 5 LEASE AGREEMENTS

As of June 30, 2009 the LITE had executed or been assigned the following lease agreements for office space in the LITE facility. (Some agreements had been previously executed by Lafayette Economic Development Authority):

<u>Lessee</u>	<u>Lease Term</u>	<u>Commence- ment Date</u>	<u>Monthly Rental</u>	<u>Square Footage</u>
Global Data Systems, Inc.	5 years	6/30/2006	\$ 17,530	15,026
C.H. Fenstermaker & Assoc.	5 years	12/30/2006	\$ 3,065	2,627
Merlin Oil, Inc.	5 years	6/30/2006	\$ 2,604	2,232
Merlin Oil, Inc.	2 years	4/01/2008	\$ 2,923	2,192
Picard Center for Development	3 years	9/1/2008	\$ 3,713	3,073

These lease agreements contain provisions for annual escalations in base rentals based upon actual operating costs.

### NOTE 6 LITIGATION

There was no litigation pending against the LITE as of June 30, 2009.

### NOTE 7 SUPPORT SERVICES

As a result of a Cooperative Endeavor Agreement between the University of Louisiana at Lafayette (UL) and the LITE, the University provides supportive services by assigning a faculty member to the LITE facility on a full time basis to serve the State of Louisiana in furthering the economic development of businesses and industries utilizing immersive technologies, engaging in collaborative research involving immersive technologies, super computers and the Louisiana Optical Network Initiative, and by furthering education in immersive technologies. The amount included in the financial statements for supportive services is \$225,993.

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER INFORMATION**





# Darnall, Sikes, Gardes Frederick

(A Corporation of Certified Public Accountants)

## Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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Members of the Board of Commissioners  
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We have audited the financial statements of the business-type activities of the Louisiana Immersive Technologies Enterprise as of and for the year ended June 30, 2009, which collectively comprise the Louisiana Immersive Technologies Enterprise's basic financial statements and have issued our report thereon dated December 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Immersive Technologies Enterprise's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Immersive Technologies Enterprise's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Immersive Technologies Enterprise's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana Immersive Technologies Enterprise's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Louisiana Immersive Technologies Enterprise's financial statements that is more than inconsequential will not be prevented or detected by the Louisiana Immersive Technologies Enterprise's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Immersive Technologies Enterprise's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the board of commissioners, management and others within the organization, and is not intended to be and should not be used by anyone other than those specific parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 29, 2009

LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

Schedule of Finding and Questioned Costs  
Years Ended June 30, 2009

PART 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Louisiana Immersive Technologies Enterprise financial statements as of and for the year ended June 30, 2009.

Internal Control Deficiencies - Financial Reporting

No significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance - Financial Reporting

No instances of noncompliance were noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable.

PART 2 FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

This section is not applicable.

PART 3 FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL PROGRAMS

This section is not applicable.

LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2009

08-01 Finding: Inadequate Segregation of Accounting Functions.

Status: Resolved